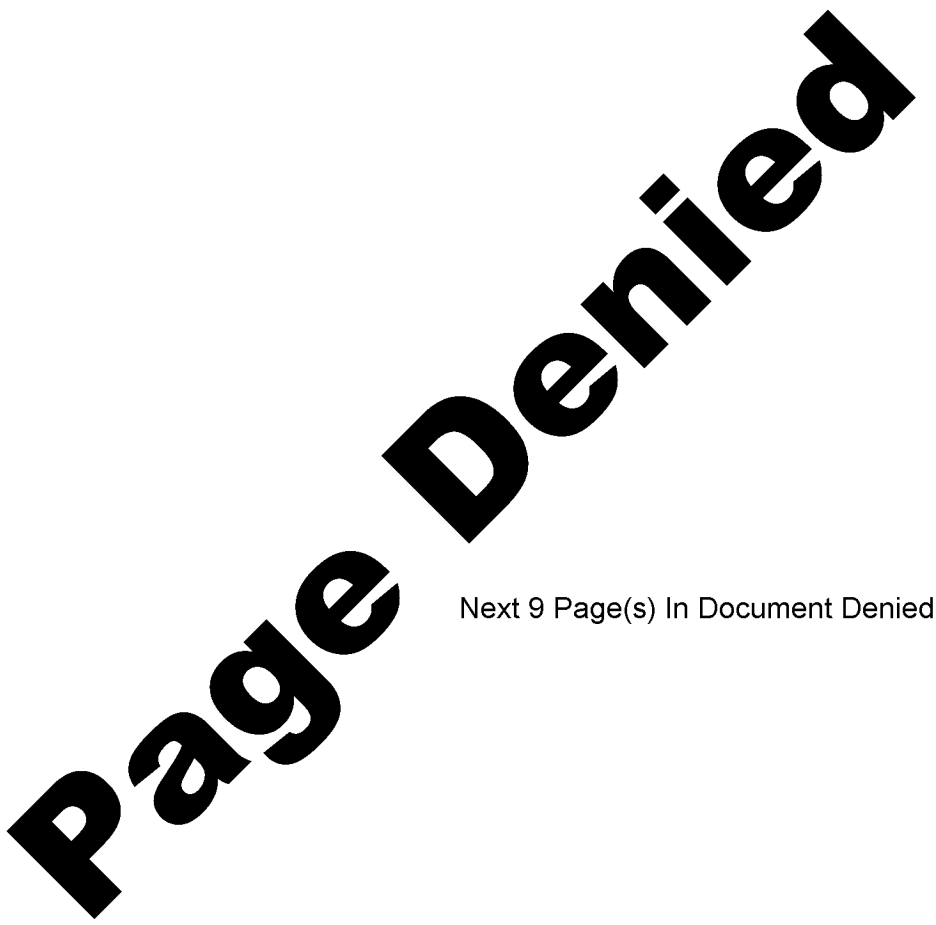

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PUBLIC STATEMENT

CHRONOLOGY OF EVENTS IN THE TOSHIBA/KONGSBERG PROPELLER MILLING TECHNOLOGY DIVERSION CASE

I. Nine-Axis Sale

In 1979, the Soviet foreign trade organization, Tekmashimport, contacted the Japanese trading firm, Wako Koeki. Tekmashimport wanted to purchase Western automated propeller manufacturing equipment for one of its clients.

-- Wako Koeki surveyed Japanese machine tool manufacturers to determine which produced such specialty equipment and would supply it to the Soviets.

-- Toshiba Machine, a majority owned subsidiary of the Toshiba Electric Corporation, agreed to provide the equipment and negotiations began.

-- The Japanese firms enlisted the Norwegian firm Kongsberg Trade, a division of Kongsberg Vaapenfabrikk. Kongsberg Trade agreed to provide the computer numerical controllers, the brains that run the machines, and the propeller design and production software.

On April 24, 1981 two contracts were signed in Moscow. The first between Tekmashimport and C. Itoh, the second between Tekmashimport and Kongsberg Trade.

-- C. Itoh, acting as the agent for Toshiba Machine, agreed to supply four, state-of-the-art, propeller milling machines --Toshiba Machine's model MBP-110 -- and to provided service and spare parts for five years from the date of installation.

-- The MBP-110 is capable of precision milling propellers up to 11 meters in diameter and is a COCOM restricted commodity.

-- Kongsberg Trade agreed to supply the CAD/CAM system including the computer, spare parts for the NC-2000 computer numerical controllers, and service for five years from the date of installation.

In a third contract between Kongsberg Trade and Toshiba Machine, Kongsberg agreed to supply the numerical controllers to Toshiba Machine for installation in the MBP-110's before shipment by C. Itoh to the Soviet Union.

The four sophisticated marine propeller milling machines and propeller CAD/CAM software were diverted to a Soviet Navy propeller production facility in Leningrad--the Baltic Shipyard.

-- The equipment was delivered and installed in the shipyard starting in 1983 and completed in early 1984. The companies serviced and updated the machines and software as late as June 1984.

-- The software was modified in 1984 to enhance the capabilities of the machines and reduce the time it takes to mill a propeller.

II. Five-Axis Sale.

In 1984, during the installation of the MBP-110s in the Baltic Shipyard, the Soviets arranged the purchase of four 5-axis propeller milling machines from Toshiba. These machines, designated MF-4522, are smaller than the and are used the machine propellers up to 4.5 meters in diameter.

-- These machines were shipped to the Baltic Shipyard in April and May 1984 and installation was completed by December 1984.

-- Kongsberg was not involved with the sale and installation of the four 5-axis propeller milling machines.

III. Export Violations.

The sale of this equipment was a violation of COCOM restrictions on the sale of machine tools and computer numerical controllers to proscribed destinations.

-- The MBP-110 machines exceeded the COCOM limits on the number of simultaneous axes-- 9 vs 3; the number of working spindles-- 2 vs 1; the maximum allowable machine size; and the spindle cutting power.

-- The MF-4522 machines exceeded the COCOM limits on the number of simultaneous axes-- 5 vs 3.

-- The computer numerical controllers exceeded the limits on number of simultaneous axes-- 9 vs 2.

-- The software was modified by Kongsberg to generate output matching the specifications of the Toshiba machines. This software was specifically developed for automated marine propeller manufacturing. However, software was not explicitly controlled under the COCOM list in force at the time of the sale.

IV. Impact

This sale has allowed the Soviet Union to acquire the ability to produce quieter propellers for its submarine fleet reliably, repeatedly, and in large numbers.

-- These eight machines constitute the largest known propeller production line.

-- These machines have allowed the Soviet Union to more than triple its average yearly production rate of sophisticated propellers.

CHRONOLOGY OF EVENTS IN THE TOSHIBA/KONGSBERG PROPELLER MILLING TECHNOLOGY DIVERSION CASE

I. 1980.

-- In 1980, the Soviet foreign trade organization, Tekmashimport, contacted the Japanese trading firm, Wako Koeki. Tekmashimport wanted to purchase Western automated propeller manufacturing equipment for one of its clients.

-- Wako Koeki surveyed Japanese machine tool manufacturers to determine which produced such specialty equipment and would supply it to the Soviets.

-- Toshiba Machine, a majority owned subsidiary of the Toshiba Electric Corporation, agreed to provide the equipment and negotiations began.

-- Toshiba insisted that its standard export broker, C. Itoh, be used to avoid raising the suspicions of Japanese licensing authorities.

-- To further disguise the true nature of the sale, the Japanese firms enlisted the Norwegian firm Kongsberg Trade, a division of Kongsberg Vaapenfabrikk. Kongsberg Trade agreed to provide the computer numerical controllers, the brains that run the machines, and the propeller design and production software.

II. 1981.

-- In 1981, five contracts were negotiated to effect the sale.

  -- On April 24, 1981 two contracts were signed in Moscow. The first between Tekmashimport and C. Itoh, the second between Tekmashimport and Kongsberg Trade.

    -- C. Itoh, acting as the agent for Toshiba Machine, agreed to supply four, state-of-the-art, propeller milling machines --Toshiba Machine's model MBP-110 -- and to provided service and spare parts for five years from the date of installation.

      -- The MBP-110 is capable of precision milling propellers up to 11 meters in diameter and is a COCOM restricted commodity.

    -- Kongsberg Trade agreed to supply the CAD/CAM system including the computer, spare parts for the NC-2000 computer numerical controllers, and service for five years from the date of installation.

-- In a third contract between Kongsberg Trade and Toshiba Machine, Kongsberg agreed to supply the numerical controllers to Toshiba Machine for installation in the MBP-110's before shipment by C. Itoh to the Soviet Union.

-- The fourth and fifth contracts committed Kongsberg Trade and Toshiba Machine to pay Wako Koeki a finders fee for orchestrating the arrangements.

-- The companies involved submitted a false end user certificate stating the equipment was destined for a civilian facility located in Leningrad along with the degraded technical specification for the milling machines and numerical controllers.

III. 1983 and 1984.

-- The four sophisticated marine propeller milling machines and propeller CAD/CAM software were diverted to a Soviet Navy propeller production facility in Leningrad--the Baltic Shipyard.

-- The equipment was delivered and installed in the shipyard starting in 1983 and completed in early 1984. The companies serviced and updated the machines and software as late as June 1984.

-- The software was modified in 1984 to enhance the capabilities of the machines and reduce the time it takes to mill a propeller.

IV. 1986.

-- This matter came to the attention of the United States Government in 1986.

V. Export Violations.

-- The sale of this equipment was a violation of COCOM restrictions on the sale of machine tools and computer numerical controllers to proscribed destinations.

  -- The machines exceeded the COCOM limits on the number of simultaneous axes-- 9 vs 3; the number of working spindles-- 2 vs 1; the maximum allowable machine size; and the spindle cutting power.

  -- The computer numerical controllers exceeded the limits on number of simultaneous axes-- 9 vs 2.

-- The software was modified by Kongsberg to generate output matching the specifications of the Toshiba machines. This software was specifically developed for automated marine propeller manufacturing. However, software was not explicitly controlled under the COCOM list in force at the time of the sale.

VI. Impact

-- This sale has allowed the Soviet Union to acquire the ability to produce quieter propellers for its submarine fleet reliably, repeatedly, and in large numbers.

-- These machines and the software have provided the three essential ingredients for the manufacture of quieted propellers:

1) accuracy -- 0.01mm.
2) flexibility -- 5 axis machining simultaneously on two different blades.
3) high degree of automation.

-- These characteristics allow the machines to produce propellers with numerous, skewed, identical blades that are precisely contoured to reduce low frequency blade rate noise and high frequency cavitation noise. In addition, the accuracy of the machines and the manufacturing software enable the Soviets to produce these complex propellers with low rejection rates.

~~CONFIDENTIAL~~ [redacted] 25X1

THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

Deputy Director for National Foreign Assessment

MEMORANDUM FOR: Deputy Director of Central Intelligence

SUBJECT: Establishment of DCI Technology Transfer Intelligence Committee [redacted] 25X1

REFERENCE: D/NFAC Memorandum to the DCI of 18 September 1981 (NFAC #5862-81) on Technology Transfer Organizations

As noted in the above reference, the DCI approved on 28 September 1981 the establishment of a DCI Technology Transfer Intelligence Committee (TTIC). Attached is the proposed Charter of the new Committee and a covering memorandum which you may circulate to the NFIB Principals. [redacted] 25X1

John McMahon

Attachments:
A/S

~~CONFIDENTIAL~~

[redacted]

25X1

SUBJECT: Establishment of DCI Technology Transfer Intelligence Committee (U)

Distribution:
Orig - DDCI
1 - Executive Registry
1 - DD/NFAC
1 - DD/NFA
1 - NFAC Registry
1 - NFAC Action Staff
1 - [redacted]/NFAC/OSWR 25X1
1 - Ex/COMEX
1 - Chrono

NFAC/OSWR/TTAC [redacted] /8OCT81 25X1

The Deputy Director of Central Intelligence

Washington, D.C. 20505

MEMORANDUM FOR THE NATIONAL FOREIGN INTELLIGENCE BOARD

SUBJECT: Establishment of DCI Technology Transfer Intelligence Committee

1. The DCI has approved the establishment of a new DCI Technology Transfer Intelligence Committee (TTIC). The Committee will coordinate the Intelligence Community interests in US Government programs and activities concerning international technology transfer and will produce assessments of the significance of legal, illegal, and clandestine transfer of advanced technology and equipment.

2. The Committee will be chaired by [redacted] Chief of the NFAC Technology Transfer Assessment Center. Membership on the Committee will be comprised of NFIB member representatives, nominated by the NFIB Principals. 25X1

3. The Committee on Exchanges (COMEX) will be one of the subcommittees of the TTIC. Another subcommittee will be established to deal with other export control issues.

4. Attached for your information is the prepared Charter of the DCI Technology Transfer Committee. I encourage your support to this endeavor emphasizing that its success is highly dependent upon the caliber of membership selected to support the Committee's activities.

B. R. INMAN
Admiral, U.S. Navy

Attachment:
As Stated

[redacted] 25X1

SUBJECT: Establishment of DCI Technology Transfer Intelligence Committee

Distribution:
Orig. - Adse.
1 - DDCI
1 - Executive Registry
1 - DD/NFA
1 - DD/NFAC
1 - NFAC/AS
1 - NFAC Registry
1 - [redacted]/NFAC/OSWR 25X1
1 - Ex/COMEX
1 - Chrono

NFAC/OSWR/TTAC [redacted] (80ct81) 25X1

CHARTER

DIRECTOR OF CENTRAL INTELLIGENCE

TECHNOLOGY TRANSFER INTELLIGENCE COMMITTEE

Pursuant to the National Security Act of 1947, Executive Order 12036 or successor orders and National Security Council Intelligence Directives, a Technology Transfer Intelligence Committee (TTIC) is hereby established as a standing Director of Central Intelligence Committee with the following mission and functions.

1. Mission

The mission of the Committee on Technology Transfer, under the general guidance of the Deputy Director of Central Intelligence, is to coordinate Intelligence Community interests in US Government programs and activities concerning international technology transfers. The Committee will produce assessments of the significance of legal, illegal, and clandestine transfers of advanced technology and equipment.

2. Functions

The functions of the committee are:

(a) To advise the DCI and other Intelligence Community officials of issues, problems, and activities related to the effectiveness of the Intelligence Community's roles in the support of US Government activities designed to limit unwanted technology transfer.

(b) As directed, to prepare intelligence assessments for use by other US Government authorities containing analyses of the significance of the mechanisms of technology transfer and the impact of such transfer on the military and economic capabilities of recipient countries.

(c) To advise the Department of State and other elements of the US Government on all foreign intelligence considerations concerned with exchange programs and commercial contacts involving nationals from designated countries. This advice may include evaluation of the probable technical gain or loss and intelligence gain from a specific proposed, ongoing, or contemplated exchange or commercial visit.

(d) To propose additional exchanges or amendments to existing exchanges, recommend itineraries, arrange for briefings and debriefings of US exchange participants, and alert appropriate committee members regarding visits and visitors of special interest.

(e) To provide coordinated Intelligence Community assessments on export control matters to the Departments of Commerce, State, Treasury, and Defense and other agencies regarding the implications for the recipient countries and for foreign suppliers of the prospective sale or other transfer of high technology goods or technical data.

(f) To provide Intelligence Community information and analysis to appropriate US Government organizations regarding diversions of high technology goods or technical data from end uses, and the expected military and economic impact of such diversions.

(g) To monitor intelligence information regarding the efforts of selected foreign countries to directly or indirectly use illegal means, including clandestine operations, to acquire sensitive and controlled US and equivalent Western technologies, and to provide analyses of such activities to appropriate US Government organizations concerned with countermeasures, including counter-intelligence organizations.

(h) To encourage intelligence information collectors to acquire relevant information concerning the efforts of foreign countries to directly or indirectly acquire sensitive and controlled US or equivalent Western technologies. To facilitate the exchange of useful information between collectors and intelligence analysts, encouraging the development of collection requirements, and the provision of reporting evaluations, as necessary.

(i) To work with the departments and agencies concerned with exchanges and trade controls to ensure that information and analyses provided by the Intelligence Community is adequate and useful; also to encourage these recipient organizations to provide Community analysts and collectors with useful feedback, including information useful for intelligence but gathered by these organizations for other reasons.

(j) To participate in various interagency forums dealing with technology transfer problems.

3. Intelligence Community Responsibilities

(a) Upon request of the committee chairman, Intelligence Community organizations shall furnish to the committee within established security safeguards particular information or material needed by the committee and pertinent to its functions.

(b) Intelligence Community organizations shall advise the committee chairman of their foreign intelligence interests and/or actions contemplated which may affect the Department of State, the committee or other components of the Intelligence Community carrying on activities based on the foreign intelligence collection opportunities afforded by exchanges, commercial contacts, or other technology transfer mechanisms.

4. Composition, Organization and Rules of Procedure

The composition, organization and rules of procedure of the Technology Transfer Intelligence Committee are those stated in DCID 1/5.

DIRECTOR OF CENTRAL INTELLIGENCE DIRECTIVE

TECHNOLOGY TRANSFER INTELLIGENCE COMMITTEE

(Effective 3 December 1981)

Pursuant to the provisions of Section 102, the National Security Act of 1947, and Executive Order 12333, there is established a Technology Transfer Intelligence Committee.

1. Mission

The mission of the Technology Transfer Intelligence Committee (TTIC) is to serve as the focal point within the Intelligence Community on all technology transfer issues. The Committee will coordinate Community activities and will be the principal source of intelligence support for those US Government entities charged with the responsibility for policy and action on technology transfer issues. The Committee will work with other Intelligence Community committees and appropriate agencies to ensure that intelligence information collected on technology transfer is consistent with the DCI's priorities and guidance and meets the needs of Community production organizations.

2. Definitions

Technology transfer encompasses all movements of advanced US and equivalent Western technology and equipment with implications for US security by enhancing the military and economic capabilities of recipient countries.

Technology transfer intelligence includes the collection, processing, analysis, production and dissemination activities of the Intelligence Community designed to support US Government departments and agencies with policy and enforcement responsibilities.

Exchange programs and commercial contacts include all exchanges and visits by nationals from designated foreign countries which provide the potential for an intelligence or technological gain or loss.

3. Functions

Under the general guidance of the Deputy Director of Central Intelligence, the Committee will:

a. Advise the DCI on the effectiveness of the Intelligence Community's role in support of US Government policy on technology transfer issues.

b. As directed, prepare coordinated intelligence assessments on the significance of technology transfers and, as appropriate, their implications for US national security.

c. Advise appropriate US Government departments and agencies of the technology transfer implications and foreign intelligence equities involved in exchange programs and commercial contacts with nationals from designated foreign countries and recommend changes as appropriate.

d. Provide foreign intelligence support on export control issues to appropriate US Government agencies.

e. Monitor all technology transfer intelligence concerning foreign efforts to acquire US and Western technology and provide appropriate analyses to US Government organizations concerned with protection and countermeasures, including counterintelligence organizations.

f. Provide priority guidance to collection systems on technology transfer issues.

g. Establish an exchange of information with all departments and agencies concerned with the technology transfer problem to ensure that the utility of the Intelligence Community's activities is maintained.

4. Responsibilities of the Intelligence Community

a. On request of the committee chairman, Intelligence Community elements shall, within established security safeguards, provide information pertinent to the committee's mission and functions.

b. Intelligence Community components will keep the committee chairman advised of their specific foreign intelligence equities and of actions which might provide foreign intelligence collection opportunities.

5. Composition and Organization

The committee chairman will be appointed by the Director of Central Intelligence.

The members of the Committee will be representatives designated by the National Foreign Intelligence Council principals.

The Committee on Exchanges (COMEX) will be a subcommittee of the TTIC.

Other subcommittees will be established as required.

With the approval of the DCI, the committee chairman may invite representatives of relevant US Government entities with national security interests to participate as appropriate.

The Committee will be supported by an Executive Secretariat.

WILLIAM J. CASEY
DIRECTOR OF CENTRAL INTELLIGENCE

DIRECTOR OF CENTRAL INTELLIGENCE

Committee on Export Control
A Subcommittee of the Technology Transfer Intelligence Committee

(Revised: 13 April 1982)

CHARTER

Within the guidelines provided by the DCI Directive establishing the Technology Transfer Intelligence Committee and pursuant to the provisions of DCID 1/3, the Export Control Subcommittee (EXCON) is established as a permanent subcommittee of TTIC.

MISSION. EXCON, under the general guidance of the TTIC, ensures coordination of Intelligence Community interests related to export control issues. It is concerned with the technical data/technology transfer and intelligence implications of proposed sales, evasions, and trade diversions of US origin and other Western technology to destinations which are "proscribed" for national security reasons or countries whose interests may be inimical to the security of the United States and its allies.

FUNCTIONS.

--Advises appropriate government organizations regarding the potential loss to the U.S. and the impact upon the acquiring country of proposed exports or re-exports of Western-origin goods, services, and technical data/technology.

--Monitors intelligence information concerning foreign efforts to acquire US and Western technology by the diversion of export commodities, the evasion of export controls, or by other illegal or clandestine means and provides intelligence information and analysis to appropriate US Government agencies and organizations.

--At the request of the Advisory Committee on Export Policy (ACEP), the Economic Defense Advisory Committee (EDAC), or their subgroups or staff, reviews particular US license applications or COCOM exception requests regarding the prospective impact on the military and other capabilities of the recipient country of the proposed transaction, the availability of the technologies from other countries, and other factors of concern.

25X1

CONFIDENTIAL

Committee on Export Control - CHARTER

--At the initiative of any EXCON member organization, prepares, as appropriate, in light of relevant intelligence information, ad hoc studies and assessments on trade-related technology transfer issues and problems, including legal and illegal exports of commodities and technical data, and prepares Intelligence Community contributions to interagency fora dealing with export control matters.

--With the cooperation of Members, makes use of the expertise and data bases at various agencies to obtain the most comprehensive and timely information obtainable about proposed or ongoing export control matters and the best available analytical commentary on the military and other significant aspects of the technologies involved.

--Encourages and guides foreign intelligence collection concerning technology transfer mechanisms and the ability to assimilate and use the technology acquired.

--Through the Chairman TTIC, advises the DCI and other Intelligence Community leaders of the effectiveness of the EXCON role in support of US Government policy on technology transfer issues. Provides through appropriate channels recommendations for making the EXCON role more effective.

--Develops and maintains community data bases regarding trade transactions of interest because of technology transfer concerns.

ADMINISTRATION. Membership on EXCON will open to (but not limited to) those organizations represented on TTIC. EXCON will maintain its own administrative program with the support of the TTIC Secretariat. An interagency EXCON Trade Review Working Group shall meet as required to review and revise intelligence opinions drafted by staff from contributions received from analysts throughout the intelligence, Defense, and trade control communities. Other Working Groups will be established from time-to-time at the direction of the Chairman EXCON and with the concurrence of the Chairman TTIC. EXCON will inform the TTIC of its activities on a regular basis.

Statement of Admiral Inman

11 May 1982

Thank you Mr. Chairman for the opportunity to appear before this Committee this morning and to continue dialogue on this most important topic. I believe that we agree that technology transfers to the Soviets and the Eastern Bloc represent a very serious problem.

I would like to take this opportunity to again enter into the public record the kinds of problems we are dealing with, and the importance of the various Soviet Bloc mechanisms for acquiring Western technology.

-- First, as we look at the militarily useful, militarily related technology which the Soviets have acquired from the West, about 70 percent of these acquisitions have been accomplished by the Soviet and East European intelligence services, using clandestine, technical, and overt collection operations. They are trying to get technologies of proven Western weapons or component designs that can be applied directly to Soviet weapons R&D and industrial needs.

-- The Soviets and their Warsaw Pact allies are concentrating their efforts through purchases openly and legally and, if not successful, then illegally, including espionage. The sources of this technology may be government classified or unclassified reports, private companies "proprietary"

reports, open-source technical documents from compar
government organizations. Embargoed equipment falls
this category as well. The Soviets undertake a very
thorough vacuum cleaning of anything in the public s
which will let them better target their espionage
activities.

-- Of the remaining 20-30 percent of the acquisitions o
information of military value to the Soviets, (illegi
comes through legal purchases and open-source public
or from other Soviet organizations, such as the Mini
Trade and related international bodies; only a small
percentage comes from the direct technical exchanges
conducted by scientists and students.

I would like to enter into the record at this time a
unclassified study from the Intelligence Community perspec
our knowledge of Soviet efforts to obtain Western technolo
to use it ultimately to improve their own military capabil

As we look out into the 1980s, where do we believe th
pressure is going to come?

-- Future Soviet and Warsaw pact acquisition efforts--in
acquisitions by their intelligence services--are like
concentrate on the sources of such component and
manufacturing technologies, including:

- Defense contractors in the United States, Western Europe, and Japan who are the repositories of military development and manufacturing technologies.

- General producers of military-related auxiliary manufacturing equipment in the United States, Western Europe, and Japan.

- Small and medium-size firms and research centers that develop advanced component technology and designs, including advanced civil technologies with future military applications.

The task is likely to become even more difficult in the future as several trends identified in the 1970s continue into the 1980s:

- First, since the early 1970s, the Soviets and their surrogates among the East Europeans have been increasingly using their national intelligence services to acquire Western civilian technologies--for example, automobile, energy, chemicals, and even consumer electronics.

- Second, since the mid-1970s, Soviet and East European intelligence services have been emphasizing the

collection of manufacturing-related technology, in addition to weapons technology.

- Third, since the late 1970s, there has been increased emphasis by these intelligence services on the acquisition of new Western technologies emerging from universities and research centers.

The combined effect of these trends is a heavy focus by Soviet Bloc intelligence on the commercial sectors in the West--sectors that are not normally protected from hostile intelligence services. In addition, the security provided by commercial firms is no match for the human penetration operations of such foreign intelligence services. But the most alarming aspect of this commercial focus by Soviet Bloc intelligence services is that as a result of these operations the Soviets have gained, and continue to gain, access to those advanced technologies that are likely to be used by the West in its own future weapons systems.

I can only conclude that Western security services will be severely tested by the Soviet intelligence services and their surrogates among the East European intelligence services during the 1980s. In response, the US and its Western allies will need to organize more effectively than it has in the past to protect its military, industrial, commercial and scientific communities,

I am pleased to say that coordination within the Intelligence Community and intelligence support to the Executive Branch departments and agencies regarding the issue of technology transfer is much better than a year ago when Bill Casey pointed out a number of deficiencies in this area to the Senate Select Committee on Intelligence. For example:

-- The DCI has established a Technology Transfer Intelligence Committee (TTIC) to serve as a focal point within the Intelligence Community on all technology transfer issues. The Committee is able to draw on the highly skilled S&T analysts who are located throughout the military technical intelligence centers and elsewhere in the Intelligence Community to address this complex problem. The Committee also ensures that intelligence information collected on technology transfer is consistent with the DCI's priorities and guidance and meets the needs of Community production organizations. A TTIC Subcommittee on Exchanges advises appropriate US Government departments and agencies of the technology transfer implications and foreign intelligence equities involved in exchange programs and commercial contacts with nationals from designated foreign countries and recommends changes as appropriate. A Subcommittee on Export Control has recently been established to provide foreign intelligence support on export control issues to appropriate US Government agencies.

-- The intelligence agencies are now better organized to support the functions of the export control enforcement agencies. Assistant Attorney General Lowell Jensen is heading an interagency committee at Justice on Export Control Enforcement. This group has the potential to become the most significant forum for coordinating enforcement and investigative efforts dealing with export control matters. As members of this Committee, we will ensure that it draws effectively upon appropriate intelligence data bases and support. The intelligence agencies will also become directly acquainted with the current state of the enforcement effort and the intelligence needs of the enforcement agencies but also will be in a position to acquire first hand and peruse significant information being developed by the enforcement agencies that will add to and enhance the effectiveness of the intelligence effort in the long run. Any intelligence issues that are developed in this forum may be brought back to the TTIC for appropriate consideration in an Intelligence Community setting.

-- The NSC Technology Transfer Coordinating Committee, chaired by Dr. Gus Weiss, serves as a valuable high-level forum for national policy assessment and developments. It is here that the political, foreign policy, intelligence and enforcement elements are woven together and decisions on jurisdictional issues or program choices may be sought. Substantial intelligence support to this

group will result in better understanding of the threat, greater support for the efforts of the intelligence and enforcement agencies and result in more considered policy determinations.

-- The intelligence agencies are now in a position to make substantial contributions to Commerce's Advisory Committee on Export Policy, which makes determinations concerning whether particular exports should be licensed and what general policies should be applied by the US.

-- State's Economic Defense Advisory Committee (EDAC) Working Group II structure provides an important opportunity for intelligence, enforcement and foreign policy considerations to be discussed in the context of both general policy concerns and specific cases. Intelligence support here is essential for its value in identifying and assessing international enforcement problems and bridging the gap where there are both domestic and international aspects to a particular case.

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TECHNOLOGY TRANSFER ASSESSMENT CENTER

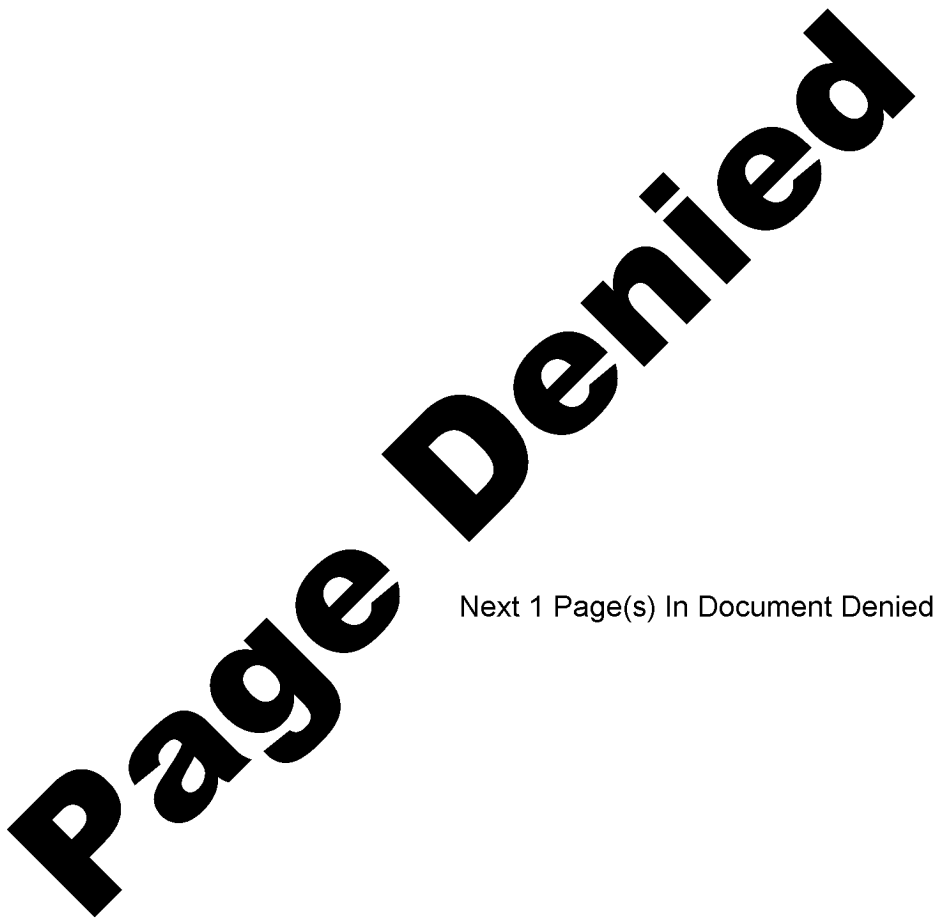
12 August 1987

NOTE TO: Ambassador Robert Dean
Special Assistant to the President
National Security Council

This is a heads up on the new case that I called to your attention. We are planning to publish it in the near future unless you advise otherwise.

STAT

Chief



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